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CADDO PARISH TAX ASSESSOR
SHREVEPORT, LOUISIANA
DECEMBER 31, 2002

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Release Date 4/30/03

CADDO PARISH TAX ASSESSOR

SHREVEPORT, LOUISIANA

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February 3, 2003

Mr. Charles R. Henington, Jr.
Caddo Parish Tax Assessor
Shreveport, Louisiana

Independent Auditor's Report

We have audited the component unit financial statements of the Caddo Parish Tax Assessor, a component unit of the Caddo Parish Commission, as of December 31, 2002, and for the year then ended, as listed in the table of contents. These component unit financial statements are the responsibility of the Caddo Parish Tax Assessor management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Caddo Parish Tax Assessor as of December 31, 2002, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, the Caddo Parish Tax Assessor adopted the provisions of *Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* as of January 1, 2002. This results in a change in the format and content of the basic financial statements of the Caddo Parish Tax Assessor.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 3, 2003, on our consideration of the Assessor's internal control over financial reporting, and on its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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Our audit was made for the purpose of forming an opinion on the component unit financial statements taken as a whole. The accompanying other financial information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the component unit financial statements of the Caddo Parish Tax Assessor. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the component unit financial statements taken as a whole.

Heard, McElroy & Vestal, LLP

REQUIRED SUPPLEMENTARY INFORMATION:
MANAGEMENT'S DISCUSSION AND ANALYSIS
CADDO PARISH TAX ASSESSOR

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section presents readers of the financial statements of the Caddo Parish Tax Assessor's Office with a narrative overview and analysis of its financial activities for the fiscal year ended December 31, 2002. It is intended to serve as an introduction to the basic financial statements of the Caddo Parish Tax Assessor, which statements consist of fund financial statements and notes thereto.

Financial Highlights

The financial statements of the Assessor present the financial transactions of the Assessor's office. The Assessor assesses all real and movable property in the parish subject to ad valorem taxation. In accordance with Louisiana law, the Assessor bases real and movable property assessments on conditions existing on January 1 of the tax year. The Assessor completes an assessment listing by May 1 of the tax year and submits the list to the parish governing authority and the Louisiana Tax Commission, as prescribed by law. Once the assessment listing is approved, the Assessor submits the assessment roll to the parish tax collector who is responsible for collecting and distributing taxes to the various taxing bodies.

Total assets decreased by \$260,272, or 13%. This is due to the Assessor's office having a deficiency of revenue over expenditures for the previous tax years. Total liabilities decreased by \$79,915. This was mainly due to the capital lease agreement for the computer system being near completion.

Revenues for the year exceeded prior year's revenues by \$34,298, which is comprised of an increase in the amount received for levied taxes and a decrease in interest income. Expenditures increased by \$25,474 over the prior year. This is due mainly to increases in insurance and retirement fund expenses.

The General Fixed Asset Group had an increase of \$5,646, which is additional assets purchased during the year. The Group had decreases in the amount of \$52,856. This was due to an actual physical inventory being taken of all fixed assets. Many of the assets were transferred out of the Assessor's office many years ago and never taken off of the Assessor's inventory listing.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on Pages 6 and 7) provide information about the activities of the Assessor as a whole. Fund financial statements start on Page 8. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Assessor's operations in more detail than the government-wide statements by providing information about the Assessor's most significant funds. The Assessor is a component unit of the Parish of Caddo, Louisiana. The accompanying financial statements present information only on the funds maintained by the Assessor.

Reporting the Funds Maintained by the Assessor as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the funds maintained by the Assessor as a whole begins on Page 6. The Statement of Net Assets and the Statement of Activities report information about the funds maintained by the Assessor as a whole and about its activities. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Assessor's *net assets* and changes in them. The Assessor's net assets – the difference between assets and liabilities – is one way to measure the Assessor's financial health, or *financial position*. Over time, *increases or decreases* in the Assessor's net assets are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Assets and the Statement of Activities, we record the funds maintained by the Assessor as governmental activities.

THE FUNDS MAINTAINED BY THE ASSESSOR AS A WHOLE

The Assessor's total net assets changed from a year ago, decreasing from \$1,178,775 to \$1,069,384. The 2002 year was the first period that GASB Statement 34 was applied. The Assessor was not required to restate the prior periods for purposes of providing comparative data. However, our analysis below will focus on key elements of the total funds for the 2002 year. In future years, when prior year information is available, a comparative analysis of the funds maintained by the Assessor will be presented.

Table 1
Net Assets

| | Government-Wide Activities <u>2002</u> |
|-------------------------------|--|
| Cash and cash equivalents | 106,030 |
| Investments | 127,801 |
| Capital assets | 881,786 |
| Other assets | <u>24</u> |
| Total assets | 1,115,641 |
| Current liabilities | <u>46,257</u> |
| Total liabilities | 46,257 |
| Net assets: | |
| Investments in capital assets | 881,786 |
| Unrestricted | <u>187,598</u> |
| Total net assets | <u><u>1,069,384</u></u> |

Net assets of the funds maintained by the Assessor decreased by \$109,391 or 9.28%.

Table 2
Change in Net Assets

| | Government-Wide Activities <u>2002</u> |
|---------------------------|--|
| Revenues | |
| Caddo Assessment District | 2,063,692 |
| State revenue sharing | 103,930 |
| Other | <u>187,898</u> |
| Total revenues | 2,355,520 |

| | Government-Wide Activities <u>2002</u> |
|--------------------------|--|
| Expenses | |
| General governmental | <u>2,464,911</u> |
| (Decrease) in net assets | <u>(109,391)</u> |

For the funds maintained by the Assessor, total revenues increased \$34,298, from total revenues in 2001 of \$2,321,222, to total revenues of \$2,355,520 in 2002. The increase resulted from an increase in Caddo Assessment District revenue and an increase in charges for services.

CAPITAL ASSETS

At the end of 2002, the Assessor had invested \$881,786 in capital assets from those funds maintained by the Assessor.

Table 3
Capital Assets At Year End

| | Government-Wide Activities <u>2002</u> |
|---|--|
| Furniture, office equipment and GIS equipment | 270,620 |
| Computer equipment | <u>611,166</u> |
| | <u>881,786</u> |

This year's major additions included:

| | |
|---|--------------|
| Computer equipment | 4,632 |
| Furniture, office equipment and GIS equipment | <u>615</u> |
| Total | <u>5,247</u> |

The Assessor has added no major new programs or initiatives to be funded in 2003.

Requests for Information

This financial report is designed to provide a general overview of the Caddo Parish Tax Assessor's finances for all those with an interest in the Assessor's financial operations. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to the Caddo Parish Tax Assessor, 501 Texas Street, Room 102, Shreveport, Louisiana 71101.

AUDITED COMPONENT UNIT FINANCIAL STATEMENTS

CADDO PARISH TAX ASSESSOR

STATEMENT OF NET ASSETS

DECEMBER 31, 2002

| <u>A S S E T S</u> | <u>Governmental Activities</u> |
|---|------------------------------------|
| Cash and cash equivalents | 106,030 |
| Investments, at cost | 127,801 |
| Accrued interest receivable | 24 |
| Furniture, office equipment and GIS equipment | 270,620 |
| Computer equipment | <u>611,166</u> |
| Total assets | <u>1,115,641</u> |
| <u>LIABILITIES AND NET ASSETS</u> | |
| <u>Liabilities:</u> | |
| Accounts payable | 4,661 |
| Deferred revenue | 35,499 |
| Obligations under capital leases | <u>6,097</u> |
| Total liabilities | 46,257 |
| <u>Net assets:</u> | |
| Invested in capital assets | 881,786 |
| Unrestricted | <u>187,598</u> |
| Total net assets | <u>1,069,384</u> |
| Total liabilities and net assets | <u>1,115,641</u> |

The accompanying notes are an integral part of these financial statements.

CADDO PARISH TAX ASSESSOR
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2002

| | <u>Governmental Activities</u> |
|-------------------------------------|------------------------------------|
| <u>Program revenue:</u> | |
| Caddo Assessment District | 2,063,692 |
| State revenue sharing | 103,930 |
| Charges for services | 94,884 |
| Interest income | 26,761 |
| Miscellaneous | <u>66,253</u> |
| Total revenue | 2,355,520 |
| <u>Expenses:</u> | |
| Insurance | 440,176 |
| General office expense | 39,842 |
| Professional fees | 51,961 |
| Equipment maintenance | 64,005 |
| Mapping | 18 |
| Postage | 24,832 |
| Education and travel | 15,699 |
| Automobile | 56,104 |
| Office forms | 10,535 |
| Office supplies | 15,793 |
| Salaries | 1,519,337 |
| Retirement fund expense | 171,206 |
| Interest | 2,547 |
| Book value of assets retired | <u>52,856</u> |
| Total expenses | <u>2,464,911</u> |
| <u>Change in net assets</u> | (109,391) |
| <u>Net assets-beginning of year</u> | <u>1,178,775</u> |
| <u>Net assets-end of year</u> | <u><u>1,069,384</u></u> |

The accompanying notes are an integral part of these financial statements.

CADDO PARISH TAX ASSESSOR

BALANCE SHEETS-ALL FUND TYPES AND ACCOUNT GROUPS

DECEMBER 31, 2002

| <u>A S S E T S</u> | <u>Governmental Fund Type Salary and Expense Fund</u> | <u>Fiduciary Fund Type Agency Funds</u> |
|---|---|---|
| Cash and cash equivalents-Note 3 | 106,030 | - |
| Investments, at cost-Note 4 | 127,801 | - |
| Investment in deferred compensation | - | 665,162 |
| Accrued interest receivable | 24 | - |
| Furniture, office equipment and GIS equipment-Note 5 | - | - |
| Computer equipment-Note 5 | - | - |
| Amount to be provided for retirement of general long-term obligations-Notes 8 and 10 | <u>-</u> | <u>-</u> |
| Total assets | <u>233,855</u> | <u>665,162</u> |
| <u>LIABILITIES AND FUND EQUITY</u> | | |
| <u>Liabilities:</u> | | |
| Accounts payable | 4,661 | - |
| Deferred revenue-Note 9 | 35,499 | - |
| Deferred compensation payable | - | 665,162 |
| Obligations under capital leases-Notes 8 and 10 | <u>-</u> | <u>-</u> |
| Total liabilities | 40,160 | 665,162 |
| <u>Fund equity:</u> | | |
| Investment in general fixed assets | - | - |
| Fund balance-unreserved and undesignated | <u>193,695</u> | <u>-</u> |
| Total fund equity | <u>193,695</u> | <u>-</u> |
| Total liabilities and fund equity | <u>233,855</u> | <u>665,162</u> |

The accompanying notes are an integral part of these financial statements.

| <u>Account Group</u> | | <u>Totals</u> | |
|-------------------------|---------------------|--------------------------|------------------|
| <u>General Long-</u> | <u>General</u> | <u>(Memorandum Only)</u> | |
| <u>Term Obligations</u> | <u>Fixed Assets</u> | <u>2002</u> | <u>2001</u> |
| - | - | 106,030 | 57,007 |
| - | - | 127,801 | 306,897 |
| - | - | 665,162 | 674,331 |
| - | - | 24 | 2,878 |
| - | 270,620 | 270,620 | 293,059 |
| - | 611,166 | 611,166 | 635,937 |
| <u>6,097</u> | <u>-</u> | <u>6,097</u> | <u>77,063</u> |
| <u>6,097</u> | <u>881,786</u> | <u>1,786,900</u> | <u>2,047,172</u> |
| - | - | 4,661 | 2,788 |
| - | - | 35,499 | 37,152 |
| - | - | 665,162 | 674,331 |
| <u>6,097</u> | <u>-</u> | <u>6,097</u> | <u>77,063</u> |
| 6,097 | - | 711,419 | 791,334 |
| - | 881,786 | 881,786 | 928,996 |
| <u>-</u> | <u>-</u> | <u>193,695</u> | <u>326,842</u> |
| <u>-</u> | <u>881,786</u> | <u>1,075,481</u> | <u>1,255,838</u> |
| <u>6,097</u> | <u>881,786</u> | <u>1,786,900</u> | <u>2,047,172</u> |

CADDO PARISH TAX ASSESSOR

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-

GOVERNMENTAL FUND TYPE FOR THE YEAR ENDED DECEMBER 31, 2002

WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED

DECEMBER 31, 2001

| | <u>Governmental Fund Type</u> | |
|--|--------------------------------|------------------|
| | <u>Salary and Expense Fund</u> | |
| | <u>2002</u> | <u>2001</u> |
| <u>Revenues:</u> | | |
| Caddo Assessment District-Note 2 | 2,063,692 | 1,999,098 |
| State revenue sharing-Note 9 | 103,930 | 101,026 |
| Charges for services | 94,884 | 76,921 |
| Interest income | 26,761 | 78,100 |
| Miscellaneous | <u>66,253</u> | <u>66,077</u> |
| Total revenues | 2,355,520 | 2,321,222 |
| <u>Expenditures:</u> | | |
| Insurance | 440,176 | 412,892 |
| General office expense | 39,842 | 44,326 |
| Professional fees | 51,961 | 46,121 |
| Equipment maintenance and purchases | 69,652 | 94,776 |
| Mapping | 18 | 32 |
| Postage | 24,832 | 22,940 |
| Education and travel | 15,699 | 25,195 |
| Automobile | 56,104 | 65,048 |
| Office forms | 10,535 | 17,162 |
| Office supplies | 15,792 | 19,519 |
| Salaries-assessor | 85,600 | 85,600 |
| Salaries-deputies | 1,412,364 | 1,417,891 |
| Salaries-other | 21,373 | 28,497 |
| Retirement fund expense-Note 6 | 171,206 | 109,681 |
| Debt service: | | |
| Principal-Note 10 | 70,966 | 67,059 |
| Interest | <u>2,547</u> | <u>6,454</u> |
| Total expenditures | <u>2,488,667</u> | <u>2,463,193</u> |
| <u>(Deficiency) of revenue over expenditures</u> | (133,147) | (141,971) |
| <u>Beginning fund balance</u> | <u>326,842</u> | <u>468,813</u> |
| <u>Ending fund balance</u> | <u>193,695</u> | <u>326,842</u> |

The accompanying notes are an integral part of these financial statements.

CADDO PARISH TAX ASSESSOR

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-

GOVERNMENTAL FUND TYPE FOR THE YEAR ENDED DECEMBER 31, 2002

WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED

DECEMBER 31, 2001

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Change in Net Assets of Governmental Activities:

| | |
|---|------------------|
| Net change in fund balance-governmental fund | (133,147) |
| Payments on capital lease obligations | 70,966 |
| Equipment purchases | 5,646 |
| Book value of assets retired | <u>(52,856)</u> |
| Change in net assets of governmental activities | <u>(109,391)</u> |

The accompanying notes are an integral part of these financial statements.

CADDO PARISH TAX ASSESSOR

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN

FUND BALANCE-BUDGET (GAAP BASIS) AND ACTUAL-GOVERNMENTAL FUND TYPE

FOR THE YEAR ENDED DECEMBER 31, 2002

| | <u>Governmental Fund Type</u> <u>Salary and Expense Fund</u> | | Variance |
|-------------------------------------|---|------------------|--|
| | <u>Actual</u> | <u>Budget</u> | <u>Favorable</u> <u>(Unfavorable)</u> |
| <u>Revenues:</u> | | | |
| Caddo Assessment District | 2,063,692 | 2,160,560 | (96,868) |
| State revenue sharing | 103,930 | 100,900 | 3,030 |
| Interest income | 26,761 | 63,000 | (36,239) |
| Other revenues | <u>161,137</u> | <u>75,000</u> | <u>86,137</u> |
| Total revenues | 2,355,520 | 2,399,460 | (43,940) |
| <u>Prior year surplus</u> | 326,842 | 326,842 | - |
| <u>Expenditures:</u> | | | |
| Insurance | 440,176 | 493,475 | 53,299 |
| General office expense | 39,842 | 52,285 | 12,443 |
| Professional fees | 51,961 | 63,850 | 11,889 |
| Equipment maintenance and purchases | 69,652 | 215,390 | 145,738 |
| Mapping | 18 | 200 | 182 |
| Postage | 24,832 | 28,480 | 3,648 |
| Education and travel | 15,699 | 26,455 | 10,756 |
| Automobile | 56,104 | 68,020 | 11,916 |
| Office forms | 10,535 | 25,900 | 15,365 |
| Office supplies | 15,792 | 29,185 | 13,393 |
| Salaries | 1,519,337 | 1,590,620 | 71,283 |
| Retirement fund expense | 171,206 | 168,845 | (2,361) |
| Debt service | <u>73,513</u> | <u>-</u> | <u>(73,513)</u> |
| Total expenditures | <u>2,488,667</u> | <u>2,762,705</u> | <u>274,038</u> |
| <u>Fund balance:</u> | | | |
| December 31, 2002 | <u>193,695</u> | <u>(36,403)</u> | <u>230,098</u> |

The accompanying notes are an integral part of these financial statements.

CADDO PARISH TAX ASSESSOR

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2002

Introduction

As provided by Article VII, Section 24 of the Louisiana Constitution of 1974, the assessor is elected by the voters of the parish and serves a four-year term. The assessor assesses all real and movable property in the parish, subject to ad valorem taxation. The assessor is authorized to appoint as many deputies as may be necessary for the efficient operation of the office and provide assistance to the taxpayers of the parish. The deputies are authorized to perform all functions of the office, but the assessor is officially and pecuniarily responsible for the actions of the deputies.

The assessor's office is located in the Caddo Parish Courthouse in Shreveport, Louisiana. The assessor employs 70 employees, including 53 deputies. In accordance with Louisiana law, the assessor bases real and movable property assessments on conditions existing on January 1 of the tax year. The assessor completes an assessment listing by May 1 of the tax year and submits the list to the parish governing authority and the Louisiana Tax Commission, as prescribed by law. Once the assessment listing is approved, the assessor submits the assessment roll to the parish tax collector who is responsible for collecting and distributing taxes to the various taxing bodies.

At December 31, 2002, there are 131,654 real property and movable property assessments totaling \$842,201,530 and \$309,080,880, respectively. This represents a decrease of 841 assessments with an increase totaling \$2,781,330 in value over the prior year. The decrease in the number of assessments is due primarily to combining several accounts into one account. This was done to simplify tax bills.

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements of the Caddo Parish Tax Assessor have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing government accounting and financial reporting principles.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain significant changes in the Statement include the following:

For the first time the financial statements include:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Assessor's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Assessor's activities.

1. Summary of Significant Accounting Policies (Continued)

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements). The Caddo Parish Tax Assessor is required to implement the general provisions of the Statement in the current year.

Reporting Entity

As the governing authority of the parish, for reporting purposes, the Caddo Parish Commission is the financial reporting entity for Caddo Parish. The financial reporting entity consists of (a) the primary government (commission), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Caddo Parish Commission for financial reporting purposes. *The basic criterion for including a potential component unit within the reporting entity is financial accountability.* The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the commission to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the commission.
2. Organizations for which the commission does not appoint a voting majority but are fiscally dependent on the commission.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the assessor is fiscally dependent on the commission, the assessor was determined to be a *component unit of the Caddo Parish Commission, the financial reporting entity.* The accompanying financial statements present information only on the funds maintained by the assessor and do not present information on the commission, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Fund Accounting

The assessor uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the assessor which are classified as governmental funds account for the assessor's general activities, including the collection and disbursement of specific or legally restricted monies and the acquisition of general fixed assets.

1. Summary of Significant Accounting Policies (Continued)

1. Salary and Expense Fund as provided by Louisiana Revised Statute 47:1906, is the principal fund of the assessor and accounts for the operation of the assessor's office. Compensation received from the various taxing bodies prescribed by formula in Louisiana Revised Statutes 47:1907-08 is accounted for in this fund. General operating expenditures are paid from this fund.
2. The Agency Fund, which is a fiduciary fund type, accounts for assets held which are for employees who defer a portion of their compensation. Agency funds are custodial funds (assets equal liabilities); therefore, they do not involve measurement of operations. There are two deferred compensation plans available to the employees. One is administered by the National Association of Counties, and the other is administered by Prudential Financial. All assets of the plan are reported at fair market value. Plan assets remain the property of the Assessor until paid or made available to participants.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Salary and Expense Fund is accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The operating statement of the Salary and Expense Fund presents increases and decreases in net current assets. The modified accrual basis of accounting is used by the Salary and Expense Fund. The Salary and Expense Fund uses the following practices in recording revenues and expenditures:

Revenues

Revenues are recognized when they become measurable and available as net current assets.

Expenditures

Expenditures are recognized when the related fund liability is incurred.

Budgets and Budgetary Accounting

The Caddo Parish Tax Assessor follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Caddo Parish Tax Assessor prepares a proposed budget and holds a public hearing no later than fifteen days prior to the beginning of each fiscal year.
2. The budget is adopted at the public hearing.
3. All budgetary appropriations lapse at the end of each fiscal year.

Cash and Cash Equivalents and Investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the assessor may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the assessor may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost, except for investments in the deferred compensation agency fund, which are reported at market.

1. Summary of Significant Accounting Policies (Continued)

Fixed Assets

Fixed assets are recorded as expenditures at the time purchased, and the related assets are capitalized in the general fixed assets account group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

Vacation and Sick Leave

The assessor has a written formal policy relating to vacation and sick leave, based on length of service. The policy does not provide for the accumulation of vacation leave. The policy provides for accumulation of sick leave that may be used for major illnesses. It does not provide for compensation for this sick leave upon termination.

Long-Term Obligations

Long-term obligations expected to be financed from the Salary and Expense Fund are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the Salary and Expense Fund when due.

Total Columns on Statements

The total columns on the statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation.

Risk Management

The Assessor is subject to normal business and liability risk, including risk of loss of assets. These risks are managed through the purchase of insurance policies.

2. Levied Taxes

The Caddo Assessment District levies a tax on the assessed valuation of all taxable property appearing on the previous year's tax roll. The millage to be assessed is determined and certified by the legislative auditor by dividing the net tax roll as of January 1 of the year of implementation into the salary and expense account and salary and personal expense allowance of the assessor for the current year. The millage adopted remains in effect in subsequent years unless changed as provided by law. However, the total amount of ad valorem taxes received by the district is never less than that received by the district in the initial year. Taxes are due December 31.

The total taxes assessed by the Caddo Assessment District were \$2,160,561 for the year ended December 31, 2002. In 2002, \$2,008,487 in taxes and \$2,701 in interest were collected, and \$5,010 were refunded to taxpayers. Approximately 92.96% of the taxes assessed were collected for 2002 and the assessor believes that the remaining 7.04%, \$152,074, will never be collected mainly as a result of bankruptcies and protested taxes.

The following is a summary of authorized and levied ad valorem taxes:

| | <u>Authorized Millage</u> | <u>Levied Millage</u> |
|---------------------------|-------------------------------|---------------------------|
| Caddo Assessment District | 2.53 | 2.53 |

2. Levied Taxes (Continued)

The following are the principal taxpayers for the parish:

| <u>Taxpayer</u> | <u>Type of Business</u> | <u>2002 Assessed Valuation</u> | <u>Percentage of Total Assessed Valuation</u> |
|-----------------------------|-------------------------|--|---|
| Southwestern Electric Power | Utility-electric | 54,597,910 | 4.75% |
| Bell South | Utility-phone | 29,773,400 | 2.59% |
| Harrah's | Gaming | 19,098,020 | 1.66% |
| General Motors | Manufacturer | 18,432,870 | 1.60% |
| Hibernia National Bank | Bank | 12,771,830 | 1.11% |
| AmSouth Bank | Bank | 11,845,910 | 1.03% |
| Casino Magic | Gaming | 9,327,570 | .81% |
| Bank One | Bank | 8,858,766 | .77% |
| Wal-Mart | Retail | 8,649,530 | .75% |
| Universal Oil Products | Manufacturer | 8,040,360 | .70% |
| Total | | <u>181,396,166</u> | <u>15.77%</u> |

3. Cash and Cash Equivalents

At December 31, 2002, the assessor has cash and cash equivalents as follows:

| | |
|------------------------------|----------------|
| Commercial interest checking | <u>106,030</u> |
|------------------------------|----------------|

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent.

4. Investments

The investments of all funds consisted of certificates of deposit and a schedule is presented below:

| | <u>Rate of Interest</u> | <u>Salary and Expense Fund</u> |
|------------------------|-----------------------------|------------------------------------|
| Hibernia National Bank | 1.35% | <u>127,801</u> |

The investments are in the name of the Assessor and are held at Bank One. Because the certificates are in the name of the assessor and are held by the assessor or its agent, the certificates are considered insured and registered, Category 1, in applying the credit risk of GASB Codification Section I50.164.

5. Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

| | |
|----------------------------|-----------------|
| Balance, January 1, 2002 | 928,996 |
| Additions | 5,646 |
| Deductions | <u>(52,856)</u> |
| Balance, December 31, 2002 | <u>881,786</u> |

6. Pension Plan

Substantially all employees of the Caddo Parish Tax Assessor's office are members of the Louisiana Assessors Retirement System, a multiple-employer, public employee retirement system (PERS), controlled and administered by a separate board of trustees.

All full-time employees who are not drawing retirement benefits from any other public retirement system in Louisiana are required to participate in the System. Employees who retire at or after age 55 with at least 12 years of credited service or at any age with at least 30 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 per cent of their final-average salary for each year of credited service, not to exceed 100 per cent of their final-average salary.

Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Assessors' Retirement System, P. O. Box 14699, Baton Rouge, Louisiana 70898-4699, or by calling (800) 925-4446.

Contributions to the System include one-fourth of one per cent of the taxes shown to be collectible by the tax rolls of each parish plus revenue sharing funds appropriated by the legislature. State statute requires plan members to contribute 8% of their annual covered salaries to the System. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Caddo Parish Tax Assessor's contributions to the System for the years ending December 31, 2002 and 2001 were \$171,206 and \$109,681, respectively, equal to the required contributions for each year.

7. Other Postemployment Benefits

The Assessor pays 100% of retirees' medical and life insurance premiums and 50% of the retirees' dependent medical coverage. The eligibility requirement is that the former employee must have met the requirements of the retirement system. These requirements are at least twelve years of covered service and at least fifty-five years of age or thirty years of service. The employer's contributions are financed on a pay-as-you-go basis. The number of participants currently eligible to receive benefits is fourteen. Retirees' medical and life insurance premiums paid during 2002 were \$77,865.

8. Leases

In 2002, the Caddo Parish Tax Assessor had three operating lease agreements for automobiles and office equipment. Two leases are for 36-month terms, and one is for 60 months. During 2002, total payments under these leases were \$19,828.

The following is a schedule of future minimum rental payments required under the operating leases as of December 31, 2002:

| | |
|------|---------------|
| 2003 | 14,743 |
| 2004 | 6,538 |
| 2005 | 6,538 |
| 2006 | 1,635 |
| | <u>29,454</u> |

8. Leases (Continued)

The assessor records items under capital leases as an asset and an obligation in the accompanying financial statements. At December 31, 2002, the tax assessor had one capital lease as follows:

| | |
|----------------------------------|--------------|
| Equipment-Unisys computer system | <u>6,097</u> |
|----------------------------------|--------------|

The following is a schedule of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of December 31, 2002:

Fiscal year:

| | |
|---|--------------|
| 2003 | <u>6,126</u> |
| Total minimum lease payments | 6,126 |
| <u>Less</u> -amount representing interest | <u>(29)</u> |
| Present value of net minimum lease payments | <u>6,097</u> |

9. Deferred Revenue

The balance of deferred revenue is taxes collected prior to year end which were attributable to the year ended December 31, 2002.

10. Changes in General Long-Term Obligations

The following is a summary of the long-term obligation transactions during the year:

| | |
|--|-----------------|
| Long-term obligations payable at January 1, 2002 | 77,063 |
| Additional long-term obligations | - |
| Payments of long-term obligations | <u>(70,966)</u> |
| Long-term obligations payable at December 31, 2002 | <u>6,097</u> |

11. Litigation

At the balance sheet date, there was pending litigation against the Assessor which involved suits seeking either refunds of taxes for prior years or reassessment of property values. As the Tax Assessor only assesses property and does not collect taxes, there should be no monetary loss to the Assessor because of this litigation.

OTHER FINANCIAL INFORMATION

CADDO PARISH TAX ASSESSOR

EMPLOYEES' SALARIES PAID BY THE CADDO PARISH TAX ASSESSOR

FOR THE YEAR ENDED DECEMBER 31, 2002

| <u>NAME</u> | <u>NO. YEARS SERVICE</u> | | <u>POSITION HELD</u> | <u>SALARY</u> |
|---------------------------|------------------------------|---------|-----------------------------|---------------|
| <u>ASSESSOR</u> | | | | |
| Charles R. Henington, Jr. | 16 yrs. | 8 mos. | Assessor | 85,600 |
| <u>DEPUTIES</u> | | | | |
| Fannie M. Allen | 3 yrs. | 9 mos. | Homestead Assistant I | 20,400 |
| Larry W. Arnold | 24 yrs. | 10 mos. | Senior Systems Analyst | 54,984 |
| Alice G. Bagley | 25 yrs. | 2 mos. | Senior Data Assistant | 24,564 |
| Linda B. Botelho | 3 yrs. | 5 mos. | Abstract Specialist I | 19,800 |
| John O. Breen | 11 yrs. | 8 mos. | Supervisor | 26,120 |
| Mary L. Brummer | 21 yrs. | 4 mos. | Administrative Officer | 33,751 |
| James Buggs | 16 yrs. | 9 mos. | Field Data Collector II | 25,200 |
| René S. Burk | 23 yrs. | 9 mos. | Accounts Payable | 31,461 |
| Margaret Burns | 1 yr. | 8 mos. | Abstract Specialist II | 23,520 |
| Mary Ann Carmer | 15 yrs. | 10 mos. | Data Assistant II | 22,500 |
| Dorsey B. Cleveland | 13 yrs. | 10 mos. | Supervisor | 29,520 |
| Stephen A. Cook, Jr. | 7 yrs. | 8 mos. | GIS Coordinator | 27,120 |
| Ronald L. Cox | 20 yrs. | 11 mos. | Senior Field Data Collector | 33,120 |
| Theresa N. Edwards | 26 yrs. | 11 mos. | Abstract Specialist I | 22,264 |
| Treva Faircloth | 2 yrs. | | GIS Technician I | 22,200 |
| Sandra C. Gilliam | 24 yrs. | 7 mos. | Real Estate Assistant II | 22,416 |
| Leslie Y. Glover | 23 yrs. | 4 mos. | Real Estate Assistant II | 21,636 |
| Mattie W. Goodwin | 19 yrs. | 10 mos. | Office Assistant | 16,470 |
| Clarinda Gay Henderson | 22 yrs. | 10 mos. | Field Auditor II | 28,800 |
| Jane E. Holland | 15 yrs. | 10 mos. | Field Auditor II | 25,920 |
| Lester M. Jackson | 26 yrs. | 11 mos. | Supervisor | 31,200 |
| Etta Mae Johnson | 8 yrs. | 11 mos. | Real Estate Evaluator II | 22,747 |
| Gregory F. Johnson | 18 yrs. | 3 mos. | Department Director | 38,400 |
| Anthony Q. Jones | 11 yrs. | | Field Auditor II | 22,426 |
| Ross Kennedy | 9 yrs. | 7 mos. | Supervisor | 19,377 |
| Frances Lawrence | 9 yrs. | 3 mos. | Abstract Specialist I | 22,149 |
| James R. Lewis | 5 yrs. | 8 mos. | Field Data Collector II | 23,100 |
| Neill S. Matthews | 19 yrs. | 8 mos. | Chief Fiscal Officer | 38,700 |
| Joe D. Maxwell | 9 yrs. | 11 mos. | Supervisor | 29,200 |
| Beverly I. McConnell | 23 yrs. | 5 mos. | Homestead Assistant, I | 21,675 |
| Vicki W. McConnell | 17 yrs. | 7 mos. | Receptionist | 24,870 |
| Julia Dorry McDonald | 20 yrs. | 10 mos. | Supervisor | 28,939 |
| Richard Alan Moore | 24 yrs. | 8 mos. | Senior Systems Analyst | 55,884 |
| Kimberly A. Mull | 2 yrs. | 4 mos. | Abstract Specialist I | 12,250 |

CADDO PARISH TAX ASSESSOR

EMPLOYEES' SALARIES PAID BY THE CADDO PARISH TAX ASSESSOR

FOR THE YEAR ENDED DECEMBER 31, 2002

| <u>NAME</u> | <u>NO. YEARS SERVICE</u> | | <u>POSITION HELD</u> | <u>SALARY</u> |
|-----------------------------|------------------------------|---------|--------------------------|------------------|
| <u>DEPUTIES</u> (Continued) | | | | |
| Audrey R. Newton | 23 yrs. | 5 mos. | Real Estate Assistant I | 21,156 |
| Randy C. Passaniti | 27 yrs. | | Department Director | 37,200 |
| John Louis Peck, Jr. | | 3 mos. | Field Data Collector I | 4,227 |
| Samuel Randle | 27 yrs. | 4 mos. | Senior Field Auditor | 32,160 |
| Catha C. Richmond | 4 yrs. | 4 mos. | Abstract Specialist I | 17,748 |
| Hardy I. Teer | 14 yrs. | 10 mos. | Department Director | 35,991 |
| Sarah J. Terrell | 26 yrs. | 11 mos. | Supervisor | 31,200 |
| Robert Thomas, Jr. | 22 yrs. | 10 mos. | Department Director | 38,400 |
| Beth A. Thompson | 7 yrs. | 2 mos. | Real Estate Evaluator II | 21,720 |
| Keith Edward Tibbit | 16 yrs. | 2 mos. | Supervisor | 30,480 |
| Debra Vucinovich | 5 yrs. | 11 mos. | Abstract Specialist I | 21,072 |
| Lizzie Ann Washington | 24 yrs. | 10 mos. | Abstract Specialist I | 21,996 |
| Garland E. Weidner | 15 yrs. | 5 mos. | Chief Deputy | 60,600 |
| Judy B. Whatley | 5 yrs. | 10 mos. | Abstract Specialist I | 20,760 |
| Marilyn B. Williams | 5 yrs. | 11 mos. | Abstract Specialist II | 22,800 |
| Paula G. Williams | 9 yrs. | 7 mos. | Junior Clerical Auditor | 20,520 |
| Gloria T. Winters | 4 yrs. | 11 mos. | Real Estate Evaluator I | 22,444 |
| Tracy C. Wisby | 10 yrs. | 5 mos. | Supervisor | 29,208 |
| <u>EXTRA HELP</u> | | | | |
| Robbie K. Frey | 1 yr. | 2 mos. | Summer Employee | 2,090 |
| Julia Gilliam | 3 yrs. | 2 mos. | Summer Employee | 2,140 |
| Kristy Griffin | 1 yr. | 7 mos. | Summer Employee | 3,352 |
| Kristin Hardin | 3 yrs. | 1 mos. | Summer Employee | 3,340 |
| Detrick J. Jenkins | | 2 mos. | Summer Employee | 1,730 |
| Greg C. Johnson | | 2 mos. | Summer Employee | 365 |
| Adreinnie Odom | 3 yrs. | 2 mos. | Summer Employee | 1,840 |
| Cornetta Odom | 3 yrs. | 7 mos. | Summer Employee | 4,307 |
| Rachel Robinson | 2 yrs. | 5 mos. | Summer Employee | 341 |
| Peyton Sanders | 3 yrs. | 2 mos. | Summer Employee | <u>1,867</u> |
| Total | | | | <u>1,519,337</u> |

OTHER REPORTS

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WILLIAM L. HIGHTOWER, CPA

February 3, 2003

Mr. Charles R. Henington, Jr.
Caddo Parish Tax Assessor
Shreveport, Louisiana

Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

We have audited the component unit financial statements of Caddo Parish Tax Assessor as of and for the year ended December 31, 2002, and have issued our report thereon dated February 3, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the component unit financial statements of Caddo Parish Tax Assessor are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered internal control over financial reporting of Caddo Parish Tax Assessor in order to determine our auditing procedures for the purpose of expressing our opinion on the component unit financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the component unit financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information of management and the Office of the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties.

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Heard, McElroy & Vestal, LLP

CADDO PARISH TAX ASSESSOR
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2002

We have audited the financial statements of Caddo Parish Tax Assessor as of and for the year ended December 31, 2002, and have issued our report thereon dated February 3, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2002 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control - No material weakness or reportable condition was noted; no management letter was issued.

Compliance - No material noncompliance was noted.

b. Federal Awards - No major program.

Section II - Financial Statement Findings

No matters were reported.

CADDO PARISH TAX ASSESSOR
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED DECEMBER 31, 2002

No prior year findings were reported.